



TRANSWESTERN

ATLANTA OFFICE MARKET Q4 2024

TRENDLINES

	Q4 2024	Q4 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	3.5	3.3	↑	3.9	↑
NET ABSORPTION (THOUSANDS SF)	175.7	(570.8)	↓	(114.8)	↓
OVERALL VACANCY RATE	25.0%	22.8%	↑	20.4%	↑
OVERALL VACANT SF (MSF)	43.7	39.4	↑	34.8	↑
UNDER CONSTRUCTION (MSF)	0.6	2.5	↓	3.4	↓
ASKING RENT, FULL SERVICE (PSF)	\$31.81	\$32.10	↓	\$30.89	↓
SALES VOLUME (MILLIONS)	\$206	\$204	↑	\$582.7	↑

Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Transwestern

ATLANTA FINISHES 2024 WITH A POSITIVE QUARTER

After two bleak years, including the worst absorption year on record in 2023 and eight-consecutive negative quarters, the Atlanta office market finished 2024 on a positive note, seeing positive absorption of 175,724 SF across Class A and B properties. The year-to-date statistics are still grim, with negative absorption of 2.1 MSF and a 2.8% rise to the market's vacancy rate across 2024.

Despite the positive Q4 absorption, Atlanta's vacancy rate still increased 40 basis points to 25.0% thanks to a series of vacant deliveries. Three buildings, with a combined 0 SF of pre-leasing, totaling nearly 900,000 SF delivered in Q4. This injection of vacant space into the market has become a trend, with a 77% vacancy rate for properties delivered since the start of 2023 (nearly 2 MSF of inventory).

Average asking rents saw their second-consecutive year-over-year decline in over a decade, while the construction pipeline has shrunk to a 14-year low of 648,769 SF. The amount of space available for sublease is falling, down over 800,000 SF since Q2 of 2024.

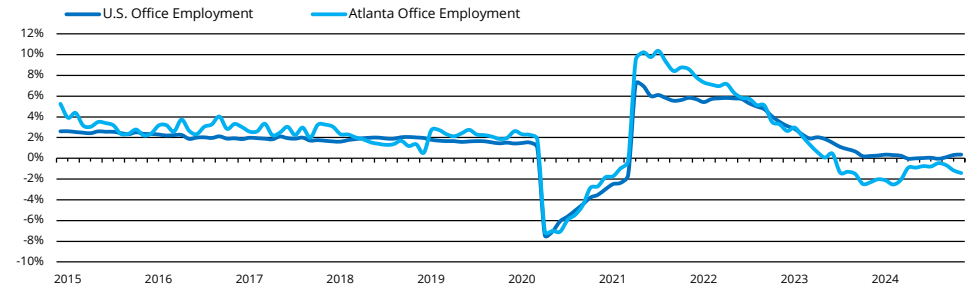


ECONOMY

Atlanta Continues to Lose Office-Using Jobs

- Over the 12 months ending in November of 2024, the Atlanta metro area has added 12,900 nonfarm jobs. Within office-using jobs however, Atlanta has lost 12,700 jobs in the last year. This decline is thanks to poor performance in the Information (down 2.7% year-over-year) and Professional and Business Services (down 2.3% year-over-year) sectors. The other sector that makes up the office-using jobs category is Financial Activities, which has seen a 1.7% gain over the same period.
- Atlanta had outpaced the national office using jobs numbers over the past few years as year-over-year growth gradually slowed both locally and nationally until this recent reversal. Atlanta has seen a year-over-year decline since July of 2023, while the U.S. has yet to turn negative in office-using jobs, currently sitting at 0.4% year-over-year growth.
- Atlanta's unemployment rate was 3.5% in November, solidly below the national rate of 4.2%.
- Jobs in Atlanta have increased by 8.2% since 2018, outpacing the national growth rate of 4.5% by 3.7%. Atlanta is expected to continue this growth in the coming years, led by production from top industries such as Leisure and Hospitality, Education, and Health Care.
- The Atlanta metro area is expected to increase its population by 5.3% between now and 2028, adding around 330,000 people. Since 2018 the metro area has grown by 342,000 people, a 5.7% increase.

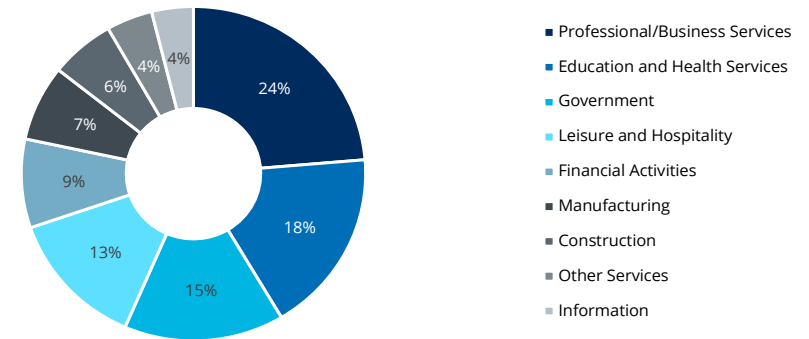
Y-O-Y CHANGE IN OFFICE JOBS



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

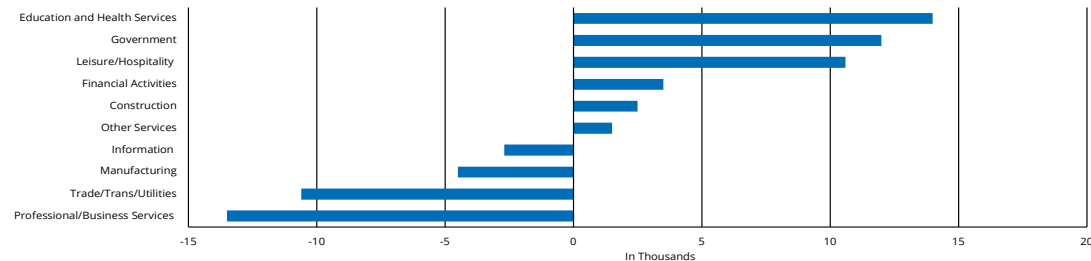
Atlanta | NOVEMBER 2024



Source: Bureau of Labor Statistics, Transwestern

Y-O-Y CHANGE IN JOBS BY INDUSTRY

Atlanta | NOVEMBER 2024



Source: Bureau of Labor Statistics, Transwestern

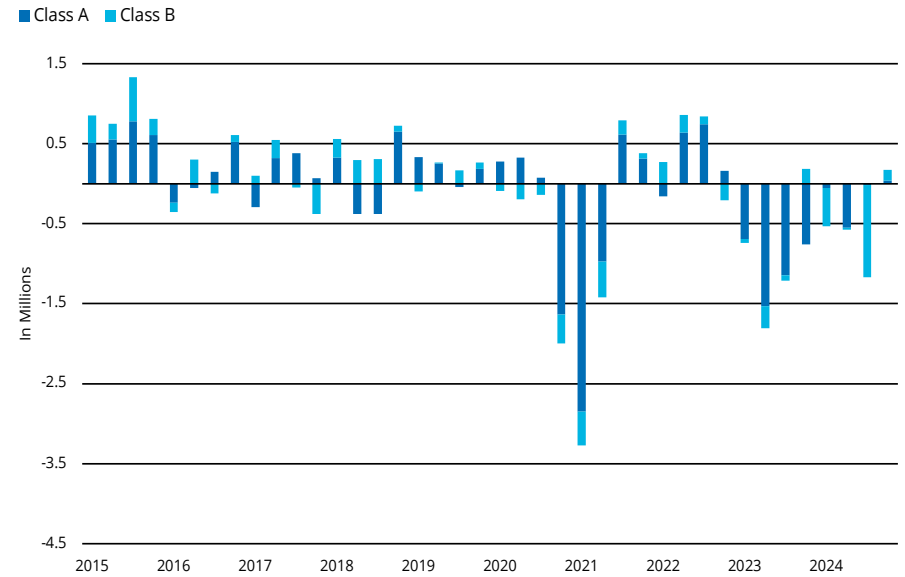


NET ABSORPTION

First Positive Quarter in Over Two Years for Atlanta

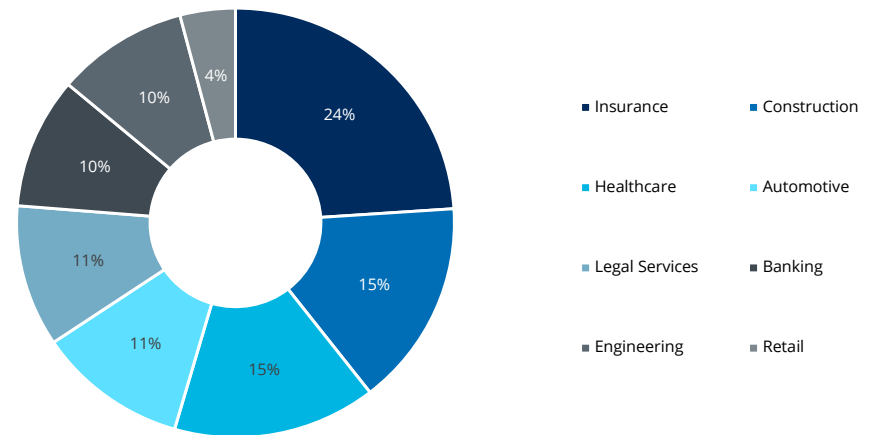
- The Atlanta office market saw positive absorption of 175,724 SF in Q4 of 2024, snapping a streak of eight-consecutive negative absorption quarters for the market. The good finish was not enough to offset the rest of 2024, as Atlanta finished the year with year-to-date negative absorption of 2,099,006 SF.
- Class A and B properties both saw gains in Q4, with positive absorption of 40,857 SF and 134,867 SF respectively. Atlanta’s Class A space performed better on the year, with a loss of nearly 600,000 SF, compared to the Class B year-to-date losses of over 1.5 million SF.
- Atlanta’s embattled suburban submarkets turned things around in Q4 of 2024, with Central Perimeter, Northeast, Cumberland/Galleria, and North Fulton all posting positive quarters. The largest individual move-in of Q4 took place at Galleria 600 in Cumberland/Galleria, with GE Verona moving into 77,163 SF and FirstKey Homes occupying 45,670 SF.
- Central Perimeter and Midtown were the two biggest gainers in Q4 of 2024, adding 109,316 SF and 72,787 SF respectively. In total, seven submarkets saw gains while four suffered losses in Q4.

NET ABSORPTION BY CLASS



Source: CoStar, Transwestern

SHARE OF LEASING ACTIVITY BY INDUSTRY Q4 2024



Source: CoStar, Transwestern

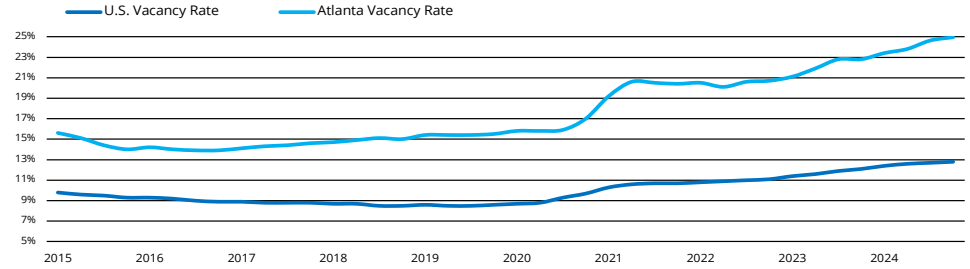


VACANCY

Atlanta's Vacancy Rises Thanks to Vacant Deliveries

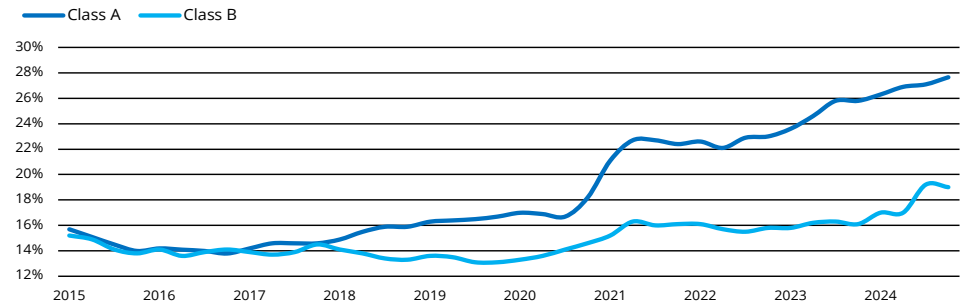
- Atlanta's direct vacancy rate rose for the tenth-consecutive quarter, increasing 40 basis points in Q4 2024 to 25.0%. The Class A direct vacancy rate rose 60 basis points from 27.1% to 27.7%, while the Class B direct vacancy rate fell slightly from 19.2% to 19.0%.
- Atlanta's vacancy rate rose despite a rare quarter of positive absorption thanks to three buildings delivering totaling 869,524 SF, all of which were vacant. This has been a persistent issue for the market: since the start of 2023, 16 buildings totaling over 2.4 million square feet have delivered. These buildings have a current combined vacancy rate of 76.8%: 1.9 million square feet of unleased space.
- The amount of available sublease space in Atlanta has been one of the headline stories for the last three years, with over 7.4 million SF of space currently on the sublease market. The percent of inventory available for sublease has fallen over the last two quarters, now down to 4.2%, an 800,000 SF difference. While some of this change was due to subleases rolling and converting to direct vacant space, several large subleases have been signed, such as White Cap leasing 85,650 SF at 2451 Industry Avenue and Cargill taking 82,000 SF at 864 Spring Street.

OVERALL VACANCY RATE



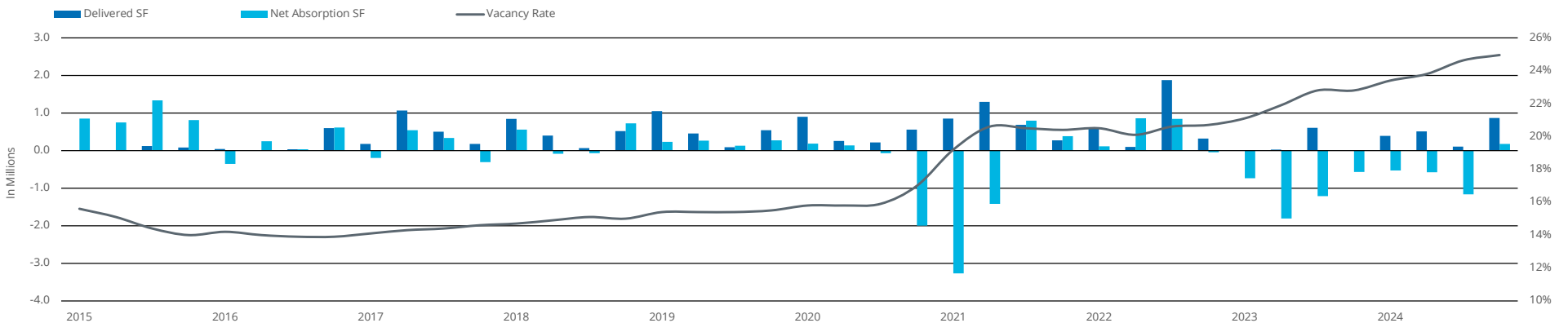
Source: CoStar, Transwestern

OVERALL ATLANTA VACANCY RATE BY CLASS



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

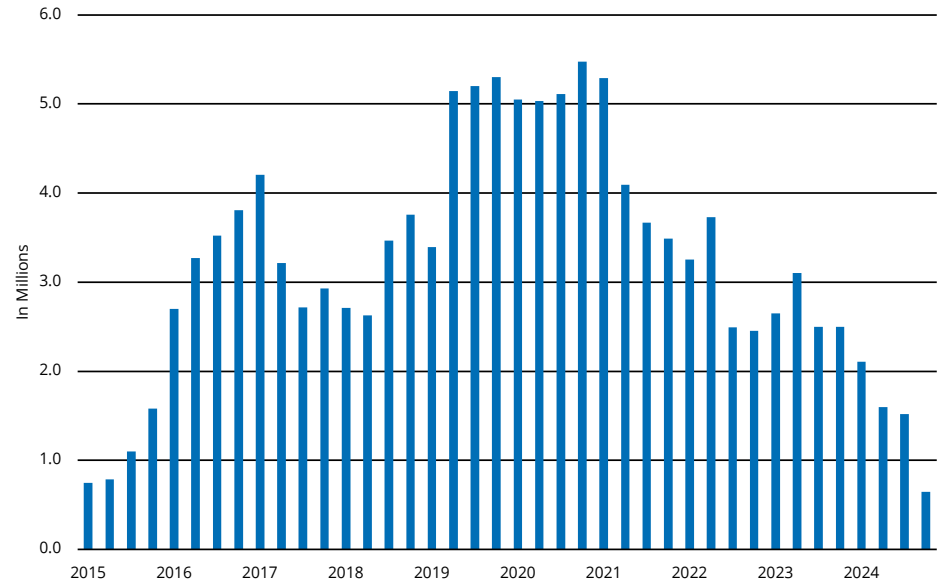


CONSTRUCTION

Three Buildings Deliver in Q4

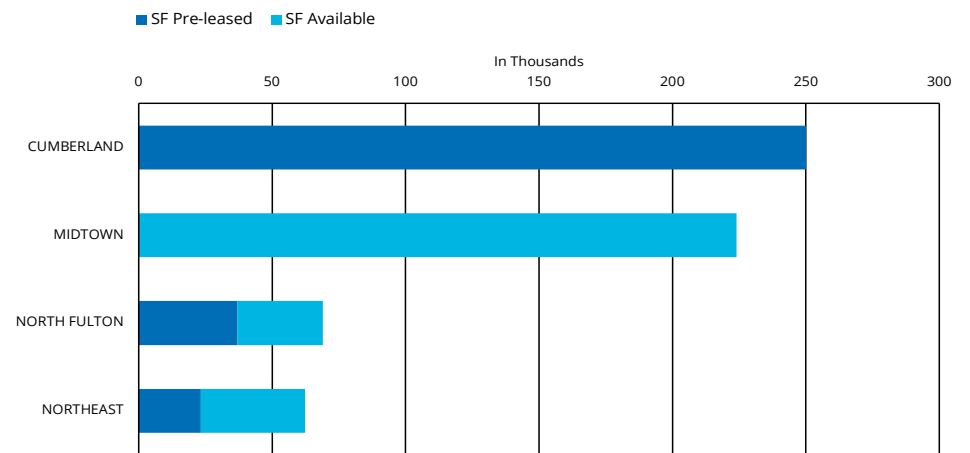
- Atlanta’s construction pipeline continues to shrink, with three buildings delivering and no groundbreakings in Q4. This marks the least amount of space under construction in the Atlanta office market since 2011, with just 605,392 SF underway.
- All three deliveries (totaling 869,524 SF) took place in the Midtown submarket. Ten Twenty Spring at Spring Quarter, a 538,126 SF building developed by Portman Holdings was the largest Q4 delivery. Society Atlanta Office at 811 NE Peachtree St was another main-Midtown delivery, while the 230,000 SF 1050 Brickworks delivered in the West Midtown micro-market.
- There was 0 SF of pre-leasing across the three new buildings, a hearty influx of vacant space into a submarket coming off of eight-consecutive quarters of negative absorption. Despite posting positive absorption in Q4 of 2024, Midtown’s vacancy rate rose 200 basis points to 30.5% thanks to these three deliveries.
- There are currently two major projects under construction in Atlanta, 1072 W Peachtree St and 740 Battery Ave. Another new build in Midtown, 1072 W Peachtree is a 60-story tower developed by Rockefeller Group, who has earmarked 8 floors (224,000 SF) as office space. The 250,000 SF 740 Battery Ave will be new home of Truist Securities, with their building rising next to the Atlanta Braves’ Truist Park.
- Approximately 49% of current under construction space in Atlanta is pre-leased.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

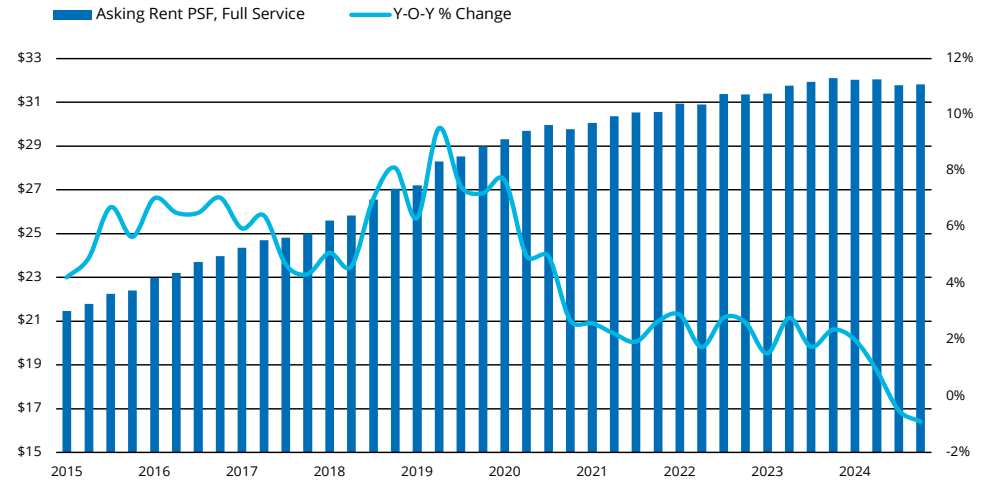


RENTAL RATES

Asking Rents See Year-Over-Year Decline

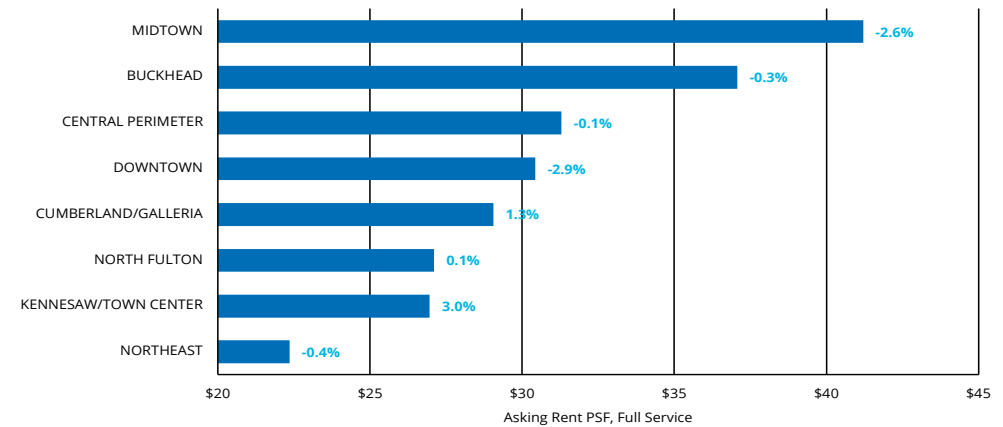
- Atlanta’s average asking rental rate rose \$0.04 during the fourth quarter of 2024 to an average of \$31.81 PSF. This represents a 0.9% fall year-over-year, the second-consecutive quarter with a decline. Prior to Q3 2024, Atlanta had not seen a year-over-year drop in asking rents since 2013.
- A decline in asking rents is certainly headline news but is generally a trailing indicator of what tenants have felt regarding net effective rents for several quarters. Throughout the Atlanta market, landlords have felt pressure to get deals done, and in turn have increased concessions. Abated rent and increased tenant improvement allowances have driven down net effective rents as landlords have tried to push deals across the finish line. This has been most apparent in embattled suburban submarkets such as North Fulton and Central Perimeter.
- Kennesaw/Town Center has seen a year-over-year rental rate increase of 3.0% from \$26.17 to \$26.96, the biggest riser across the Atlanta market.
- Q4 2024 asking rents were highest in Midtown and Buckhead at \$41.21 and \$37.07 respectively. Midtown’s Class A asking rate was \$41.89 and Buckhead’s was at \$37.84.

ASKING RENT



Source: CoStar, Transwestern

ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



Source: CoStar, Transwestern

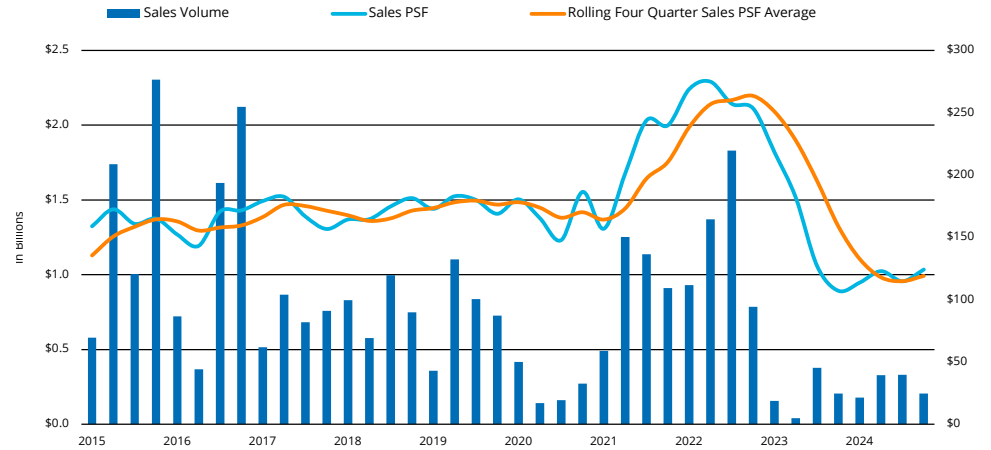


SALES

Pershing Park Plaza Trades, Atlanta Sales Volume Steady

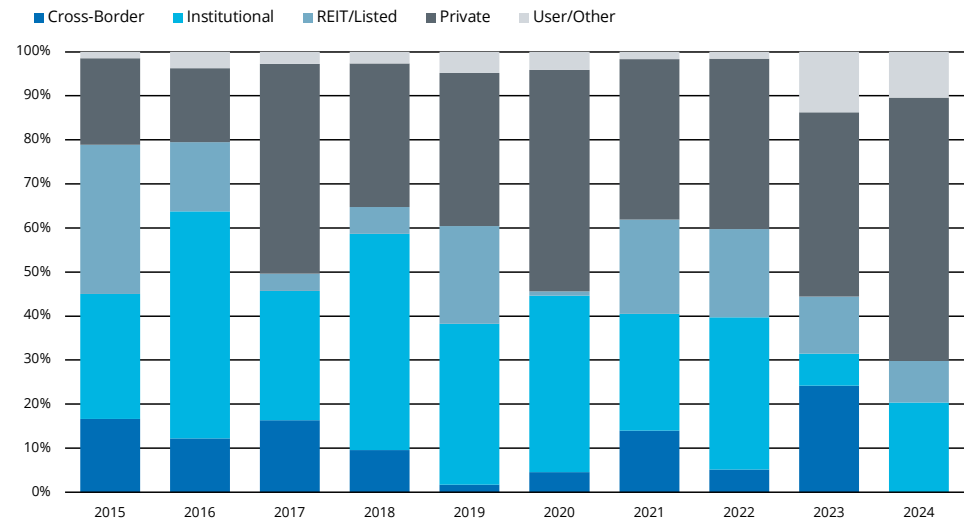
- Q4 2024 saw \$206 million in Atlanta office investment sales. Over the past four quarters Atlanta has averaged \$260 million in office sales per quarter, an improvement from the lack of activity in early 2023.
- The largest transaction this quarter was the acquisition of Pershing Park Plaza at 1420 Peachtree St by Barnouin Group for \$34 million (\$212/sf). The 160,145 SF Class A tower was 82% leased at the time of sale. The seller Franklin Street Properties Corporation originally purchased the property for \$45.45 million (\$284/sf) in August of 2016. This was the third-largest sale in 2024 in the Atlanta market.
- Buyers and sellers are beginning to find some pricing benchmarks in Atlanta as investment sales activity is gradually picking up some momentum. While many transactions still are involving distressed properties or redevelopment opportunities, the last three quarters have seen an increase of stabilized, well-leased assets trading.
- Owner-user sales have increased, particularly in suburban submarkets. PruittHealth purchased 4151 Ashford Dunwoody Rd in Central Perimeter for \$22,500,000, or \$78/SF. Emory University also purchased 12 Executive Park in the Northlake submarket for \$135/SF.

SALES VOLUME



Source: Real Capital Analytics, Transwestern

BUYER CAPITAL COMPOSITION



Source: Real Capital Analytics, Transwestern



NOTABLE LEASES

TENANT	PROPERTY	SUBMARKET	TYPE	SF LEASED
AIG	Summit Two	Central Perimeter	New Lease	178,666
EVERSHEDS SOUTHERLAND	Bank of America Plaza	Downtown	New Lease	94,072
SOUTHSTATE BANK	Prominence Tower	Buckhead	New Lease	87,000
WHITE CAP	2451 Industry Ave	Northlake	Sublease	85,650
HNTB	14th & Spring	Midtown	New Lease	85,545
GYPSUM MANAGEMENT & SUPPLY	South Terraces	Central Perimeter	New Lease	37,358

Source: CoStar, Transwestern

NOTABLE SALES

PROPERTY	SUBMARKET	SALES PRICE	BUILDING SF	PRICE PSF	BUYER	SELLER
PERSHING PARK PLAZA	Midtown	\$34,000,000	160,145	\$212	Barnouin Group	Franklin Street Properties Corp
OVERLOOK AT SUGARLOAF	Northeast	\$24,000,000	157,686	\$152	Eastern Glass and Aluminum	Crossgate Partners
4151 ASHFORD DUNWOODY RD	Central Perimeter	\$22,500,000	296,264	\$78	PruittHealth	CP Group
12 EXECUTIVE PARK DR	Northlake	\$17,610,320	129,825	\$136	Emory University	Office Properties Income Trust
PACE ON PARKWOOD	Cumberland/Galleria	\$15,750,000	216,600	\$73	Fortinet	RealOp Investments
OVERLOOK I	Cumberland/Galleria	\$15,400,000	142,000	\$108	RG Real Estate	Atlanta Property Group
1200 ASHWOOD	Central Perimeter	\$11,300,000	198,431	\$57	Insignia	LNR Partners

Source: CoStar, Real Capital Analytics, Transwestern

= Transwestern deal



MARKET INDICATORS

All Space | Q4 2024

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
BUCKHEAD	21,138,903	5,897,142	27.9%	117,579	28.5%	0	(75,587)	(77,255)	\$37.07
MIDTOWN	28,554,179	8,708,017	30.5%	393,111	31.9%	224,000	72,787	(927,802)	\$41.21
DOWNTOWN	20,211,564	6,407,191	31.7%	187,834	32.6%	0	(67,602)	(626,909)	\$30.43
CENTRAL PERIMETER	24,202,247	6,016,276	24.9%	1,281,264	30.2%	0	109,316	52,174	\$31.29
NORTH FULTON	21,854,904	5,829,709	26.7%	495,900	28.9%	69,000	7,867	(502,532)	\$27.10
CUMBERLAND/GALLERIA	20,690,578	3,976,011	19.2%	378,724	21.0%	250,000	55,650	30,113	\$29.05
KENNESAW/TOWN CENTER	4,242,023	658,533	15.5%	114,843	18.2%	0	(4,119)	110,624	\$26.96
NORTHLAKE	11,257,462	2,533,254	22.5%	17,835	22.7%	0	26,651	(80,616)	\$25.50
NORTHEAST	14,999,116	2,418,891	16.1%	87,113	16.7%	62,392	65,541	22,241	\$22.35
SOUTH ATLANTA	6,476,915	753,092	11.6%	11,616	11.8%	0	(24,927)	(124,749)	\$24.98
WEST ATLANTA	1,413,883	480,887	34.0%	0	34.0%	0	10,147	25,705	\$39.13
TOTAL	175,041,774	43,679,003	25.0%	3,085,819	26.7%	605,392	175,724	(2,099,006)	\$31.81

Source: CoStar, Transwestern



MARKET INDICATORS

CLASS A | Q4 2024

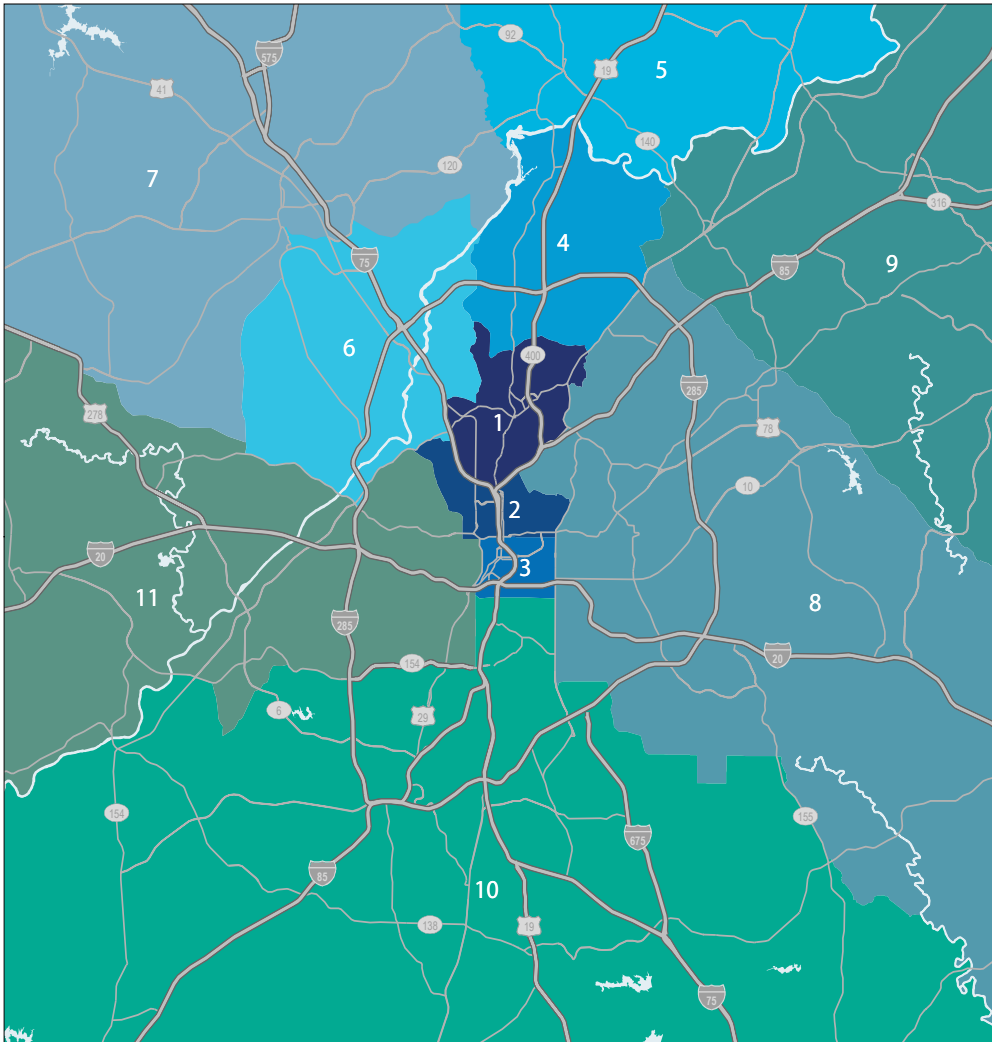
SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
BUCKHEAD	18,317,176	5,473,829	29.9%	85,391	30.3%	0	(74,113)	(24,418)	\$37.84
MIDTOWN	25,708,686	8,361,066	32.5%	346,284	33.9%	224,000	58,792	(865,232)	\$41.89
DOWNTOWN	14,554,624	4,229,199	29.1%	182,520	30.3%	0	(93,066)	144,817	\$30.94
CENTRAL PERIMETER	20,001,857	5,178,204	25.9%	1,208,730	31.9%	0	83,705	173,668	\$32.25
NORTH FULTON	14,715,475	4,363,998	29.7%	283,486	31.6%	0	129,336	(149,295)	\$27.81
CUMBERLAND/GALLERIA	13,458,435	2,789,724	20.7%	232,866	22.5%	250,000	7,135	40,759	\$30.57
KENNESAW/TOWN CENTER	1,451,089	277,934	19.2%	13,653	20.1%	0	(10,006)	50,084	\$30.36
NORTHLAKE	3,718,973	810,690	21.8%	14,985	22.2%	0	(8,933)	(139,714)	\$28.10
NORTHEAST	6,815,660	1,335,377	19.6%	29,693	20.0%	0	(36,729)	148,075	\$23.80
SOUTH ATLANTA	1,029,448	107,184	10.4%	2,800	10.7%	0	(27,133)	25,329	\$28.68
WEST ATLANTA	650,446	372,505	57.3%	0	57.3%	0	11,869	21,943	\$40.67
TOTAL	120,421,869	33,299,710	27.7%	2,400,408	29.6%	474,000	40,857	(573,984)	\$33.53

Source: CoStar, Transwestern

CLASS B | Q4 2024

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	YTD NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
BUCKHEAD	2,821,727	423,313	15.0%	32,188	16.1%	0	(1,474)	(52,837)	\$28.61
MIDTOWN	2,845,493	346,951	12.2%	46,827	13.8%	0	13,995	(62,570)	\$28.72
DOWNTOWN	5,656,940	2,177,992	38.5%	5,314	38.6%	0	25,464	(771,726)	\$26.15
CENTRAL PERIMETER	4,200,390	838,072	20.0%	72,534	21.7%	0	25,611	(121,494)	\$25.63
NORTH FULTON	7,139,429	1,465,711	20.5%	212,414	23.5%	69,000	(121,469)	(353,237)	\$25.17
CUMBERLAND/GALLERIA	7,232,143	1,186,287	16.4%	145,858	18.4%	0	48,515	(10,646)	\$24.41
KENNESAW/TOWN CENTER	2,790,934	380,599	13.6%	101,190	17.3%	0	5,887	60,540	\$24.35
NORTHLAKE	7,538,489	1,722,564	22.9%	2,850	22.9%	0	35,584	59,098	\$24.48
NORTHEAST	8,183,456	1,083,514	13.2%	57,420	13.9%	62,392	102,270	(125,834)	\$20.26
SOUTH ATLANTA	5,447,467	645,908	11.9%	8,816	12.0%	0	2,206	(150,078)	\$22.81
WEST ATLANTA	763,437	108,382	14.2%	0	14.2%	0	(1,722)	3,762	\$32.21
TOTAL	54,619,905	10,379,293	19.0%	685,411	20.3%	131,392	134,867	(1,525,022)	\$24.70

Source: CoStar, Transwestern



Atlanta Office Submarkets

- 1 Buckhead
- 2 Midtown
- 3 Downtown
- 4 Central Perimeter
- 5 North Fulton
- 6 Cumberland/Galleria
- 7 Kennesaw/Town Center
- 8 Northlake/Decatur
- 9 Northeast
- 10 South Atlanta
- 11 West Atlanta

RESEARCH METHODOLOGY

The information in this report is the result of a compilation of information on key for lease office properties located in the Atlanta metropolitan area. We compile our quarterly statistics based on a defined inventory of Class A and B office buildings of 20,000 SF or more in size and excluding all medical, government, owner-occupied and office condo buildings.

FOR INFORMATION

SPENCER PAPCIAK

Director of Research - Southeast
 spencer.papciak@transwestern.com
 404.842.6585